

GOVERNMENT OF TELANGANA
ABSTRACT

INDUSTRIES AND COMMERCE DEPARTMENT – Constitution of Secretaries Committee for recommending the modalities to annul the Joint Venture Agreement dated 28.08.2002 entered into between Nizam sugars limited (NSL) and Delta Paper Mills (DPM) by paying reasonable compensation for the take over of Joint Venture company of Nizam Deccan Sugars Limited (NDSL) – Orders – Issued.

INDUSTRIES AND COMMERCE (IE,SUGAR & IFR) DEPARTMENT

G.O.MS.No. 28.

Dated:29-04-2015.

O R D E R:

As part of the Public Enterprises Reforms Programme, Government equity in four units of Nizam Sugars Limited (Shakkarnagar Sugar Unit, Bodan, Nizamabad District, Metpally Sugar Unit, Metpally, Karimnagar District, Mombojipally Sugar Unit, Medak District and Shakkarnagar Distillery Unit, Bodan, Nizam District) was disinvested and a Joint Venture agreement was concluded between Nizam Sugars Limited and Delta Paper Mills Limited for the management of the four units under a Joint Venture Company called as Nizam Deccan Sugars Limited.

2. The management of NDSL is requesting the Government permission to sell the company's land and scrap to clear the bank dues and farmer dues. Otherwise, NDSL may go to the purview of BIFR.

3. The financial performance of the Joint Venture NDSL is as under:

Year	Total Turnover	Net Profit/Losses
2003-04	Rs. 84.35 Cr	- Rs. 1.73 Cr
2004-05	Rs. 107.45 Cr	Rs. 12.90 Cr
2005-06	Rs. 106.49 Cr	Rs. 5.69 Cr
2006-07	Rs. 156.18 Cr	Rs. 4.10 Cr
2007-08	Rs. 178.65 Cr	- Rs. 37.60 Cr
2008-09	Rs. 143.46 Cr	- Rs. 17.46 Cr
2009-10	Rs. 111.26 Cr	- Rs. 4.99 Cr
2010-11	Rs. 77.68 Cr	- Rs. 26.32 Cr
2011-12	Will be indicated separately.	
2012-13		
2013-14		

4. The Government having considered the financial position of NDSL, the management fails to clear farmers' dues and not even to pay salaries to the employees of NDSL within time. Further, NDSL is largely depending on financial support of the Government to avoid reference of BIFR from time to time. The purpose of the disinvestment of the Government completely defeated. There is a unrest among the farmers and employees.

5. Considering the facts and circumstance, in the larger interest of farmers and employees of NDSL, the Government decided to annul the Joint Venture Agreement between Nizam Sugars Limited and Delta Paper Mills Limited for the management of the four units under a Joint Venture Company called as
(PTO)

Nizam Deccan Sugars Limited by paying reasonable compensation to DPM for its shareholding in NDSL for the take over of NDSL by the Government. Further, it was decided to manage the affairs of NDSL in Cooperative Sector involving the farmers of the local area.

6. In this context, the Government have decided to constitute a Secretaries Committee comprise of the following officers for this purpose:

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| 1. Chief Secretary to Govt. | .. Chairman |
| 2. Special Chief Secretary to Govt.
Finance Department. | .. Member |
| 3. Principal Secretary/Secretary to Govt.
Industries & Commerce Department. | .. Convener |
| 4. Principal Secretary
Agriculture & Cooperation Department | .. Member |
| 5. Secretary, Legal Affairs. | .. Member |
| 6. Subject Expert as recommended by CGG | . . Member |

7. The terms of reference to the Committee:

1. Conduct an independent valuation from a reputed and independent valuer / auditor about the actual value of NDSL. This will enable the Government to determine the value of DPM's 51 percent shareholding in NDSL.
2. The said valuation approach should also take into account the following:
 - a. The obligations of DPM towards NSL with respect to the dividend on the preference shares. DPM has guaranteed the payment of dividend at the rate of 6 percent to NSL with respect to their shareholding.
 - b. The obligations of DPM towards with respect to the Debentures. DPM has guaranteed to NSL the payment of interest and repayment of debentures.
 - c. The extent to which DPM has fulfilled its obligations under various agreements and specifically the Best and Final Proposal offered by DPM which became a part of the Agreements entered between DPM and NSL.
3. Any other incidental thereto.

8. The Committee will also avail the services of a legal and financial experts / consultants who will be appointed in consultation with the Law Department, the learned Advocate General and Finance Department. The terms and conditions for availing the services of the experts and the remuneration to be paid to them will be decided by the Government and orders for the same will be issued separately.

9. The Committee shall take all the steps and submit report on modalities on the following:

1. In case of mutually agreeable terms by both the parties.
2. If DPM does not agree for a consensual resolution on fair terms, annul the Joint Venture Agreement between Nizam Sugars Limited and Delta Paper Mills Limited for the management of the four units under a Joint Venture Company called as Nizam Deccan Sugars Limited by paying reasonable compensation to DPM for its shareholding in NDSL for the take over of NDSL by the Government of Telangana through legislation.

3. After take over of DPM's shareholding in NDSL and later to manage NDSL in Co-operative Sector involving to farmers.
 4. Explore ways to revive the unit, causing minimum burden to the Govt.
 5. Any other issues connected there with and incidental thereto.
10. The Committee shall furnish its detail report to Govt., within a period of (3) months.
11. The Principal Secretary /Secretary to Government, Industries & Commerce Department/Secretary to Government, Public Enterprises Department (I/c) and Convenor of the Committee shall take necessary further action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

ARVIND KUMAR
SECRETARY TO GOVERNMENT & CIP

To

The Chief Secretary to Govt. Telangana Secretariat, Hyderabad.
The Special Chief Secretary to Govt., Finance Department.
The Principal Secretary/Secretary to Govt.,
Industries & Commerce Department.
The Principal Secretary to Govt.,
Agriculture & Cooperation Department
The Secretary, Legal Affairs.
The Centre for Good Governance
(Dr. MCR HRD Institute Campus), Road No. 25,
Jubilee Hills, Hyderabad 500033.

Copy to:

PS to Prl. Secretary to Hon'ble Chief Minister.
PS to Hon'ble Minister for Industries, H&T, Sugar.
The Public Enterprises Department.
The Managing Director, Nizam Sugars Limited, Hyderabad.
Sf/sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER